

of these two options, the more detailed second option is the default option utilized by BellSouth for that carrier.

These options were developed through the industry's OBF, as adopted at closure at its October 1997 meeting. At that time, MCI registered no objection that this information was in any way inadequate. Moreover, BellSouth sent a test tape of this information to MCI in mid-February 1998 and has not received any criticisms from MCI.<sup>56</sup> Indeed, it would appear from MCI's description of the data it desires, that the information which BellSouth is providing fully suffices -- BellSouth's second option specifies exactly what charge is being billed to which line by telephone number and type of line. Any carrier wishing to pass through PICC charges to its end user customers on a line-by-line basis will have the information needed in order to do so.

BellSouth did not commence providing this information until March 1998 for several reasons. First, the OBF did not agree to the data and record layouts which would be provided until October 30, 1997 (initial closure) and February 3, 1998, (final closure). Once the industry did agree, it took BellSouth some time to implement the industry solution.

Second, the provision of such information is dependent upon BellSouth's taking a "snapshot" once a month of all local exchange lines to determine their PIC status. BellSouth did not commence with the "snapshot" process until the first month for which PICCs charges were applicable, January 1998. Had BellSouth taken a "snapshot" in the prior month, December 1997, carriers such as MCI likely would have challenged any PICC charges assessed based on the results as unlawful. For instance, MCI and others would likely have taken the position that a

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<sup>56</sup> BellSouth also sent test tapes to other interexchange carriers and made appropriate modifications in response to the comments and suggestions received.

snapshot in December 1997, prior to the access reform tariffs' taking effect, would not have accurately reflected the PIC status of the lines involved in the month for which the charges were being assessed (January 1998). Under BellSouth's current processes, the snapshot is taken in the month for which the PACC charges are being assessed.

Third, BellSouth's original plans and procedures, due to systems constraints, were to bill PACC charges for any given month in the second month after the "snapshot" was taken. Carriers were advised of this in December 1997. Because of customers' concerns regarding the delay this would represent, however, BellSouth arranged to bill PACC charges no later than the seventh billing period of the first month following the month in which the "snapshot" was taken. The seventh billing period is generally between the eighth and eleventh calendar date of each month. Since BellSouth's "snapshot" is taken on the last Friday of every month, this generally means that PACC bills are issued approximately two to two and one-half weeks following the "snapshot."<sup>57</sup> In order to accelerate the timing of the PACC bills, BellSouth had to make a major revision to its processes. However, it was too late to implement these revisions in time to bill the PACCs for the January 1998 "snapshot" in February 1998. This is why each carrier served by BellSouth received PACC bills for both January and February 1998 in the March 1998 PACC bill.

On a going forward basis, the billing will continue to be current just as it is for the February "snapshot." For instance, PACC billing for the March 27, 1998 "snapshot" will occur on the seventh bill period for April. This will be between April 8-11, 1998, approximately two weeks after the "snapshot." PACC billing for the April 24, 1998 "snapshot" will occur on the

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<sup>57</sup> For instance, the February 1998 "snapshot" was taken on February 27, 1998, and the PACC bills for that month were issued on the night of March 11, 1998.

seventh bill period for May 1998, which will be approximately May 8-11, 1998, or approximately two and one-half weeks thereafter.

BellSouth takes issue with MCI's view that the initial delay which has resulted for the January PICC billing should be considered unreasonable backbilling of charges. A delay for one month, associated with the initialization of new charges and new, detailed information requirements which required the development of new systems and procedures, cannot be so viewed. MCI was informed that PICC charges for January 1998 would be assessed in March 1998 and had the opportunity to take steps to assure recovery in January, if desired, from its customers. Indeed, as discussed in Section III, *supra*, MCI did in fact begin billing PICC charges to its customers in January.

MCI's assertion that billing of PICC charges more than one month in arrears is an unreasonable practice wholly ignores the existing law on backbilling. While it is true that the Commission has refused to specify that any billing of charges within the statutory two year period of limitations<sup>58</sup> is per se reasonable,<sup>59</sup> the Commission has also declined to provide that billing of charges two months in arrears is per se unreasonable.<sup>60</sup> In fact, the Commission has indicated that the reasonableness of backbilling is to be determined on a case-by-case basis.<sup>61</sup> It

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<sup>58</sup> 47 U.S.C. Section 415.

<sup>59</sup> In the Matter of American Network, Inc. Petition for Declaratory Ruling Concerning Backbilling of Access Charges, *Memorandum Opinion and Order*, 4 FCC Rcd 550 (1989) ("Amnet Order"), *Order on Reconsideration*, 4 FCC Rcd 8797 (1989) ("Amnet Reconsideration Order").

<sup>60</sup> In the Matter of People's Network Inc. v. AT&T, File No. E-92-99, *Memorandum Opinion and Order*, DA 97-684 (released April 10, 1997) ("People's Network Order"), para.16.

<sup>61</sup> Amnet Order at 551, Amnet Reconsideration Order at 8798, People's Network Order, para. 18; In the Matter of Kenneth E. Brooten, Jr. v. AT&T, *Memorandum Opinion and Order*, 12 FCC Rcd 13343 (1997) ("Brooten Order"), para. 13.

properly has recognized that one-time events due to systems problems would not render backbilling of even several months' delay unreasonable.<sup>62</sup> Under these guidelines, BellSouth's delay in billing the January PICC charges can not be considered to be an unreasonable practice as MCI implies. Nor does it provide any basis for the Commission requiring BellSouth to zero-rate its PICC charges to carriers for the month of January.

MCI's assertion that ILECs should be responsible for billing end users all PICC charges until the ILEC can provide the line-specific information which MCI requests in advance of the PICC billing is baseless.<sup>63</sup> As a preliminary matter, and as discussed by BellSouth in Section IV, *supra*, any requirement that ILECs bill all PICCs to end users (even where those end users have a presubscribed interexchange carrier) would require a modification of the existing rule. The rule provides that ILECs are to bill the interexchange carrier, not the end user, where the interexchange carrier has been PIC'd by an end user.<sup>64</sup> MCI failed to seek reconsideration of the Access Reform Order which adopted the PICC rule, and its appeal of that order does not include this matter. Thus, MCI's request comes too late.

MCI's request that the Commission should require PICC line information to be provided in advance of PICC billing is deficient for other reasons. MCI does not even specify the reason it believes it needs the line-specific information in advance of billing. BellSouth is providing such information as part and parcel of the PICC bill each month, the line-specific data is detailed and auditable, and this should be sufficient for all customers, including MCI, to bill their own

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<sup>62</sup> Brooten Order at 13350-13353.

<sup>63</sup> MCI at 22.

<sup>64</sup> 47 C.F.R. Section 69.153.

customers. Moreover, as PICC billing continues over time, interexchange carriers should begin to build a history of the amount of charges billed which will enable them to estimate the average annual and monthly PICC charges on a going forward basis. With this information they should be able to put mechanisms in place to assure recovery of these costs.

**C. Absent A Rule Change, ILECs May Not Accept De-PIC Requests From Any Entity Other Than The End User Or Its Authorized Agent**

MCI requests the Commission to prescribe language for inclusion in ILECs' access tariffs requiring them to "de-PIC" an end user from its chosen, presubscribed interexchange carrier "when notified by the IXC" and to assess PICC charges directly to the end user rather than to the interexchange carrier.<sup>65</sup> This is essentially the same request lodged by Sprint in its Petition for Declaratory Ruling,<sup>66</sup> although lodged in procedurally different form. BellSouth and numerous ILECs have already elaborated upon the various reasons why the Commission may not and should not grant Sprint's request, and the same rationale applies with respect to MCI's request here. BellSouth hereby incorporates its comments and reply comments in that proceeding by reference.<sup>67</sup>

As BellSouth stated, the Commission could not require ILECs to "de-PIC" an end user from its chosen, presubscribed carrier upon notification from the carrier without revising the existing PIC change rules in an appropriate rulemaking proceeding. Section 258(a) of the

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<sup>65</sup> MCI at 24.

<sup>66</sup> In the Matter of Sprint Corporation Request for Declaratory Ruling Regarding Application of PICCs, CCB/CPD 98-2.

<sup>67</sup> In the Matter of Sprint Corporation Request for Declaratory Ruling Regarding Application of PICCs, CCB/CPD 98-2, Opposition of BellSouth to Petition for Declaratory Ruling of Spring Corporation, filed February 10, 1998, and BellSouth Reply Comments, filed February 25, 1998.

Communications Act provides that a telecommunications carrier may not “submit or execute a change in a subscriber’s selection of a provider of telephone exchange service or telephone toll service except in accordance with such verification procedures as the Commission shall prescribe.”<sup>68</sup> A notice and comment proceeding, with opportunity for all interested parties to comment, including end users, would be a necessary prerequisite to the modification of the current rules which MCI requests.

Moreover, the existing access reform rule requires ILECs to assess PICC charges to the presubscribed carrier where the end user has selected a presubscribed carrier, and a carrier cannot make a PIC change without the end user’s authorization.<sup>69</sup> The Commission has recognized that an end user remains presubscribed to its selected carrier even though it obtains no long distance service.<sup>70</sup> The Commission cannot revise the existing rule except in an appropriate rulemaking proceeding held for the purpose of revising the rule and pursuant to which all interested parties, including end users, would have the opportunity to comment.

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<sup>68</sup> 47 U.S.C. Section 258(a).

<sup>69</sup> 47 C.F.R. Section 69.153 and Access Reform Order, para. 92. See also, In the Matter of Policies and Rules Concerning Changing Long Distance Carriers, Petitions for Reconsideration and Clarification, CC Docket No. 91-64, *Order*, 8 FCC Rcd 3215 (1993), paras. 7-11.

<sup>70</sup> In the Matter of Federal-State Board on Universal Service, Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charge, CC Docket Nos. 96-45, 96-262, 94-1, 91-213, 95-72, *Fourth Order on Reconsideration in CC Docket No. 96-45, Report and Order in CC Docket Nos. 96-45, 96-262, 94-1, 91-213, 95-72* (FCC 97-420), released December 30, 1997 (“Fourth Universal Service Order”), para. 124. As BellSouth explained in its Reply Comments in the proceeding on the Sprint Petition for Declaratory Ruling, at 3, the Commission’s decision to provide for recovery of PICC charges for Lifeline customers who elect toll blocking from the universal service support fund is grounded in universal service policies to assure that such customers can obtain toll blocking free of charge. The discussion in the Fourth Universal Service Order makes it clear that such an end user can have a presubscribed interexchange carrier even though it does not actually obtain long distance service from that carrier.

BellSouth opposes the establishment of such rulemaking proceedings. ILECs should not be placed in the middle of disputes between interexchange carriers and their end user customers, nor should ILECs be required to explain to an end user either why the status of its service has changed from PIC'd to un-PIC'd or why it is all of a sudden being billed the PICC. Moreover, even if the Commission should determine to embark upon the rulemaking course, there would be numerous matters to be resolved, all of which are outside the scope of this proceeding.<sup>71</sup> In sum, the Commission may not and should not grant MCI's request in this proceeding.

**D. The Commission Should Not Require An Industry-Wide Standardized Date for PICC Snapshots**

MCI requests the Commission to require all ILECs to take their "snapshots" of end user accounts on the same day each month. It asserts that without a standardized date, an interexchange carrier could be billed by two different ILECs for the same line for the same month. Moreover, it asserts, without a standardized snapshot date, it is "more difficult for IXC

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<sup>71</sup> As BellSouth stated in its Reply Comments in the proceeding on the Sprint Petition for Declaratory Ruling, at 4-5, the Commission would need also, at a minimum, to determine the following: 1) whether permitting the presubscribed carrier to determine by its own actions whether the PICC should continue to be assessed to it or to the end user would unreasonably insert the ILEC in the middle of the dispute between the presubscribed carrier and the end user; 2) whether additional changes to the PICC rules are needed in order to avoid confusion among end user customers as a result of interexchange carriers' misrepresentations regarding the nature of PICC charges; 3) what end user notification requirements should be established in the event interexchange carriers were permitted to de-PIC their presubscribed end users; 4) whether the rule advocated by Sprint and MCI would unreasonably provide interexchange carriers with carte blanche to eliminate from their customer roles low volume customers whom they perceive to be unprofitable; 5) who should be responsible for the PIC change charge under these circumstances, the PIC or the end user; 6) what mechanisms or rules would need to be established to assure proper recovery for the additional expenses which implementation of the proposal rule would cause ILECs to incur; and 7) whether special dispute resolution procedures would need to be established or the existing complaint rules would suffice.

to estimate their overall PICC costs, which they must recover through nationally averaged rates.”<sup>72</sup>

As a preliminary matter, the likelihood that an interexchange carrier will experience significant problems from more than one ILEC assessing a PICC charge to the same interexchange carrier for the same line would appear to be extremely low. First of all, the only ILECs which have the obligation to assess PICC charges are ILECs.<sup>73</sup> Competitive local exchange carriers are free to establish whatever charges and rate structures they deem appropriate, subject only to the broad provisions of the statute, such as Sections 201 and 202 which require charges and practices to be just, reasonable, and non-discriminatory.

Secondly, any requirement for a uniform, nationwide “snapshot” date for carrier PICC billing would be administratively burdensome and, likely, impossible to implement. This is due to the fact that the many price cap ILECs across the country have different systems and procedures. Not all ILECs are able, as BellSouth is, to take a “snapshot” for carrier PICC billing of all of the local exchange lines within its operations on the same day.

Thirdly, the Commission, in establishing the monthly “snapshot” requirement, has already chosen administrative convenience over complete accuracy. The Commission rejected the notion that PICC charges should be prorated between those days during the month the line was presubscribed and those days it was not.<sup>74</sup>

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<sup>72</sup> MCI at 24-25.

<sup>73</sup> Part 69 of the Commission’s rules applies only to incumbent local exchange telephone companies. 47 C.F.R. Section 69.1 and 69.2 (definition of “telephone company”). In addition, Subpart C of Part 69, in which the Commission’s PICC rules appear, applies only to price cap ILECs. 47 C.F.R. Subpart C and Section 69.153.

<sup>74</sup> Access Reform Order, para. 92.

Finally, even if duplicate charges were to be assessed by two different ILECs to the same interexchange carrier for the same line, the impact upon any given interexchange carrier, which could still pass the charges on to its customers in whatever manner deemed appropriate, would likely be minimal. Thus, at a minimum, the Commission should decline to require a uniform, nationwide standardized “snapshot” date unless and until there is substantial evidence of the problem which MCI only now imagines might exist in the future.

**E. BellSouth Has Already Provided All Available Information Regarding the Manner in Which It Is Recovering Its Universal Service Contribution Amounts**

MCI, contending that it cannot determine “the full amount of MCI’s federal universal service contribution,” requests the Commission to prescribe that ILECs itemize on each access bill the amount of universal service included “in each access element” or, in the alternative, that ILECs provide monthly reports to interexchange carriers showing “the percentage of revenues recovered in each basket that represents ILEC USF contributions.”<sup>75</sup> MCI contends that universal service support is required to be “specific and explicit” and that it needs to know “the full amount” of its own USF contribution in order to calculate its own “USF retail fees.”<sup>76</sup>

While BellSouth agrees with MCI that the Commission’s universal service support mechanisms were required to be explicit but were not made so,<sup>77</sup> MCI ignores the fact that

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<sup>75</sup> MCI at 25-26.

<sup>76</sup> Id.

<sup>77</sup> In fact, BellSouth has appealed the Commission’s Universal Service Order on the basis, inter alia, that the Commission failed to establish the explicit universal service support required under the Telecommunications Act of 1996. See, BellSouth Corporation v. FCC, No. 97-8859 (11th Cir. filed Aug. 15, 1997), consolidated in Texas Office of Public Utility Counsel, et al., v. FCC, No. 97-60421 (and consolidated cases) (5th Cir. filed June 24, 1997).

BellSouth, in its Access Reform tariff filing, implemented the Commission's existing requirements for reflecting its increased universal service obligation in accordance with the Commission's existing requirements. These requirements did not specify the creation of an explicit charge by ILECs for recovery of their universal service contributions. Indeed, the PICC charge, which MCI erroneously associates, throughout its Petition, as a recovery mechanism for universal service amounts, was established and would continue to exist independent of universal service. The basis for the Commission's creation of PICC charges was to move additional amounts of ILECs' common line revenues away from non-cost-causative usage-sensitive carrier common line rates to more cost-causative non-usage sensitive flat rates.<sup>78</sup>

MCI already has all of the information available from which it can determine for itself the manner in which BellSouth's universal service contribution is being recovered in BellSouth's rates. As BellSouth explained in its Direct Case in the Commission's Access Reform Tariff Investigation, BellSouth made exogenous cost changes, effective January 1, 1998, reflecting the estimated amount of its universal service contribution for the first half of 1998.<sup>79</sup> In accordance with the Commission's requirements, BellSouth apportioned the amount of its universal service obligation to the common line, interexchange and trunking baskets, based upon the relative amounts of end user revenues. The exogenous costs so apportioned resulted in changes in the

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<sup>78</sup> Access Reform Order, paras. 6, 36-40, 54-59, 67-71.

<sup>79</sup> BellSouth hereby incorporates by reference its Direct Case in the Access Reform Tariffs Investigation proceeding. In the Matter of Tariffs Implementing Access Charge Reform, CC Docket 97-250, BellSouth Direct Case, filed February 27, 1998. See especially, pp. 31-33 and Appendix E, Exhibit 1, attached thereto.

PCI's and SBI's as applicable. This is precisely the manner in which the Commission required ILECs to implement the exogenous cost changes.<sup>80</sup>

By letter, BellSouth has already provided MCI with information indicating the rate impact of these changes, to this extent that such impact is determinable.<sup>81</sup> As BellSouth indicated to MCI, approximately 92.9% of the total exogenous change was assigned to the common line basket, approximately 1.5% to the interexchange basket, and the remaining approximately 5.6% was assigned to the trunking basket. Only two of these, the common line basket and the trunking basket, are relevant here. As BellSouth indicated to MCI, for common line, had the universal service exogenous changes not been included in its filing, the Terminating Premium and Terminating Non-Premium CCL rates would have been \$0.000000, and the Originating Premium and Originating Non-Premium CCL rates would have been \$ .000088 and \$ .000040 lower, respectively. These rates can be compared to those actually filed by BellSouth: Terminating Premium and Non-Premium rates of \$.002528 and \$0.001137, respectively, and Originating Premium and Non-Premium rates of \$ 0.012931 and \$ 0.005818, respectively.<sup>82</sup> For each CCL minute of use billed to it, MCI can calculate the amount of the charge associated with BellSouth's universal service amount.

For the exogenous cost changes to the trunking basket, it is not possible to determine the exact impact on rates for individual elements. There are thousands of rate elements in this basket. While the SBI's were increased for each service category and sub-category affected,

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<sup>80</sup> Access Reform Order, para. 379.

<sup>81</sup> See February 13, 1998 letter from Pamela K. Lee, BellSouth Sales Assistant Vice President, to Daren E. Moore, MCI Director of Finance, attached hereto as Exhibit 3.

<sup>82</sup> Transmittal No. 435, BellSouth Telecommunications, Inc. Tariff F.C.C. 1, Section 3.9.1.

BellSouth was not required to establish its rates at the cap and, indeed, many factors affected BellSouth's decision regarding at what levels to establish rate levels for the many services involved.


## **VI. CONCLUSION**

For all of the foregoing reasons, the Commission should reject the MCI Emergency Petition for Prescription outright. The Petition is procedurally defective and substantively without merit. The Commission should move on to more important matters such as the identification of implicit universal support, and the creation of the appropriate explicit recovery mechanisms therefor, as well as the establishment of the particular rules regarding pricing flexibility pursuant to which its market-based approach to the regulation of access charges will operate.

Respectfully submitted,

BELLSOUTH CORPORATION  
BELLSOUTH TELECOMMUNICATIONS, INC.

By:



M. Robert Sutherland  
Richard M. Sbaratta  
Rebecca M. Lough

Their Attorneys

Suite 1700  
1155 Peachtree Street, N. E.  
Atlanta, Georgia 30309-3610  
(404) 249-3390

Date: March 18, 1998

## Example of PICC In The OC&amp;C Section

BILL NO	201 C07-1234 234
INVOICE NO	M121234234-97032
BILL DATE	MAR 1, 1998
PAGE	8

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* * * DETAIL OF OTHER CHARGES AND CREDITS * * *		AMOUNT
		-----
MAR 1 98		
PRIMARY INTEREXCHANGE CARRIER CHARGE		
PICC - PRIMARY RESIDENCE		
FOR CIC 1234 FOR JAN 31 1998		
500,000 LINES x .53		\$265,000.00
INTERSTATE - AL - EC ####		
PRIMARY INTEREXCHANGE CARRIER CHARGE		
PICC - NON-PRIMARY RESIDENCE		
FOR CIC 1234 FOR JAN 31 1998		
100,000 LINES x \$1.50		\$150,000.00
INTERSTATE - AL - EC ####		
PRIMARY INTEREXCHANGE CARRIER CHARGE		
PICC - SINGLE LINE BUSINESS		
FOR CIC 1234 FOR JAN 31 1998		
390,000 LINES x \$0.53		\$206,700.00
INTERSTATE - AL - EC ####		
PRIMARY INTEREXCHANGE CARRIER CHARGE		
PICC - MULTI LINE BUSINESS		
FOR CIC 1234 FOR JAN 31 1998		
390,000 LINES x \$2.75		\$1,072,500.00
INTERSTATE - AL - EC ####		
PRIMARY INTEREXCHANGE CARRIER CHARGE		
PICC - CENTREX RESIDENTIAL		
FOR CIC 1234 FOR JAN 31 1998		
500 LINES x \$0.31		\$155.00
INTERSTATE - AL - EC ####		
PRIMARY INTEREXCHANGE CARRIER CHARGE		
PICC - CENTREX - BUSINESS		
FOR CIC 1234 FOR JAN 31 1998		
500 LINES x \$0.31		\$155.00
INTERSTATE - AL - EC ####		
PRIMARY INTEREXCHANGE CARRIER CHARGE		
PICC - ISDN BRI RESIDENCE		
FOR CIC 1234 FOR JAN 31 1998		
500 LINES x \$1.50		\$750.00
INTERSTATE - AL - EC ####		
PRIMARY INTEREXCHANGE CARRIER CHARGE		
PICC - ISDN BRI SINGLE LINE BUSINESS		
FOR CIC 1234 FOR JAN 31 1998		
500 LINES x \$1.50		\$750.00
INTERSTATE - AL - EC ####		
PRIMARY INTEREXCHANGE CARRIER CHARGE		
PICC - ISDN BRI MULTI-LINE BUSINESS		
FOR CIC 1234 FOR JAN 31 1998		
500 LINES x \$1.50		\$750.00
INTERSTATE - AL - EC ####		
PRIMARY INTEREXCHANGE CARRIER CHARGE		
PICC - ISDN PRI		
FOR CIC 1234 FOR JAN 31 1998		
500 LINES x \$2.75 x 5		\$6,875.00
INTERSTATE - AL - EC ####		

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DETAIL OF PRIMARY INTEREXCHANGE CARRIER LINES  
FOR JAN 31, 1998

CENTREX BUSINESS-INTERSTATE							
STATE	AREA	OFFICE	NUMBER	STATE	AREA	OFFICE	NUMBER
XXX-XXX-XXXX	XXXXX	XXX-XXX-XXXX	XXXXX	XXX-XXX-XXXX	XXXXX	XXX-XXX-XXXX	XXXXX
XXX-XXX-XXXX	XXXXX	XXX-XXX-XXXX	XXXXX	XXX-XXX-XXXX	XXXXX	XXX-XXX-XXXX	XXXXX
TOTAL CENTREX BUSINESS-INTERSTATE LINES FOR CIC 301							8

CONTINUED ON NEXT PAGE

PICC Detail included with the Carriers' bills

1	2	3	4	5	6	7	8
1234567890123456789012345678901234567890123456789012345678901234567890123456789012345							
					BILL NO	XXX-C07-1234	234
					INVOICE NO	M121234234-28032	
					BILL DATE	MAR 01, 1998	
					PAGE	23	

DETAIL COUNT OF PRIMARY INTEREXCHANGE CARRIER LINES  
FOR JAN 31, 1998

ALABAMA

CIC 00301

ISDN-BRI-RESIDENCE-INTERSTATE

XX.XXXX.XXXXXXX.X.XXXXXXXXXX XX.XXXXXXX.X.XXXXXXXXXXXXXXX

TOTAL ISDN-BRI-RES-INTERSTATE LINES FOR CIC 301 . . . . .2

CIC 00301

ISDN-BRI-SINGLE-LINE-BUSINESS-INTERSTATE

XX.XXXX.XXXXXXX.X.XXXXXXXXXX XX.XXXXXXX.X.XXXXXXXXXXXXXXX

XX.XXXX.XXXXXXX.X.XXXXXXXXXX XX.XXXXXXX.X.XXXXXXXXXXXXXXX

XX.XXXX.XXXXXXX.X.XXXXXXXXXX XX.XXXXXXX.X.XXXXXXXXXXXXXXX

XX.XXXX.XXXXXXX.X.XXXXXXXXXX XX.XXXXXXX.X.XXXXXXXXXXXXXXX

XX.XXXX.XXXXXXX.X.XXXXXXXXXX XX.XXXXXXX.X.XXXXXXXXXXXXXXX

XX.XXXX.XXXXXXX.X.XXXXXXXXXX XX.XXXXXXX.X.XXXXXXXXXXXXXXX

CIC 00301

ISDN-BRI-SINGLE-LINE-BUSINESS-INTERSTATE

XX.XXXX.XXXXXXX.X.XXXXXXXXXX XX.XXXXXXX.X.XXXXXXXXXXXXXXX

XX.XXXX.XXXXXXX.X.XXXXXXXXXX XX.XXXXXXX.X.XXXXXXXXXXXXXXX

XX.XXXX.XXXXXXX.X.XXXXXXXXXX XX.XXXXXXX.X.XXXXXXXXXXXXXXX

XX.XXXX.XXXXXXX.X.XXXXXXXXXX XX.XXXXXXX.X.XXXXXXXXXXXXXXX

TOTAL ISDN-BRI-SGL-BUS-INTERSTATE LINES FOR CIC 301 . . . . .20

CIC 00301

ISDN-BRI-MULTI-LINE-BUSINESS-INTERSTATE

XX.XXXX.XXXXXXX.X.XXXXXXXXXX XX.XXXXXXX.X.XXXXXXXXXXXXXXX

TOTAL ISDN-BRI-MUL-BUS-INTERSTATE LINES FOR CIC 301 . . . . .2

CIC 00301

ISDN-PRI-INTERSTATE

XX.XXXX.XXXXXXX.X.XXXXXXXXXX XX.XXXXXXX.X.XXXXXXXXXXXXXXX

TOTAL ISDN-PRI-INTERSTATE LINES FOR CIC 301 . . . . .2



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**BellSouth Interconnection Services**

Suite 420  
1980 W. Exchange Place  
Tucker, Georgia 30084

February 13, 1998

Daren E. Moore  
Director of Finance  
MCI Telecommunications Corporation  
2520 Northwinds Parkway  
Two Northwinds Center, 5<sup>th</sup> Floor  
Alpharetta, GA 30004

Dear Daren:

I am responding to your letter dated January 27, 1998 regarding BellSouth's contributions to Universal Service beginning on January 1, 1998.

BellSouth included its contribution to the Universal Service Fund for High Cost, Low Income and support for Schools, Libraries and Rural Health Care as a positive exogenous cost adjustment in accordance with FCC Part 61 price cap rules and the Access Reform First Report and Order, released by the FCC on May 16, 1997 (see ¶ 379). As a result and subsequent to the release on December 16, 1997 of the FCC's Universal Service Third Order on Reconsideration and the associated Public Notice (DA 97-2623), BellSouth filed its Revised Access Reform Tariff Filing (Transmittal No. 435) on December 17, 1997, which reflected a total USF exogenous cost adjustment of \$113,124,162. Approximately 92.9% (\$105,056,102) was assigned to the Common Line basket, 5.6% (\$6,377,630) was assigned to the Trunking basket and the remaining 1.5% (\$1,690,430) was assigned to the Interexchange basket (see Appendix B, Revised Exhibit 1 from Transmittal No. 435).

With respect to the impact on rates of BellSouth's USF exogenous cost adjustment, the impact on individual rate elements within the Trunking and Interexchange baskets cannot be determined on a specific rate element basis, as there are over 8,000 elements in these two baskets. However, the overall result of this change was to increase the PCI for the Trunking and Interexchange baskets.

For the Common Line basket, had the USF exogenous cost adjustment not been included in Transmittal No. 435, the Terminating Premium and Terminating Non-Premium CCL rates would have been \$.000000 and the Originating Premium and Originating Non-Premium CCL rates would have been \$.000088 and \$.000040 lower, respectively.

Should you need to discuss this matter further, please contact me at 770-492-7510.

Sincerely,

*for* *Glenn M. Barnett*  
Pamela K. Lee  
Sales Assistant Vice President

**CERTIFICATE OF SERVICE**

I do hereby certify that I have this 18th day of March 1998 served all parties to this action with a copy of the foregoing BELLSOUTH OPPOSITION TO MCI EMERGENCY PETITION FOR PRESCRIPTION by placing a true and correct copy of the same in the United State Mail, postage prepaid, addressed to the parties listed below.

Mary L. Brown  
Don Sussman  
Mary Sisak  
MCI Telecommunication Corporation  
1801 Pennsylvania Avenue, N. W.  
Washington, D. C. 20006

  
Juanita H. Lee